

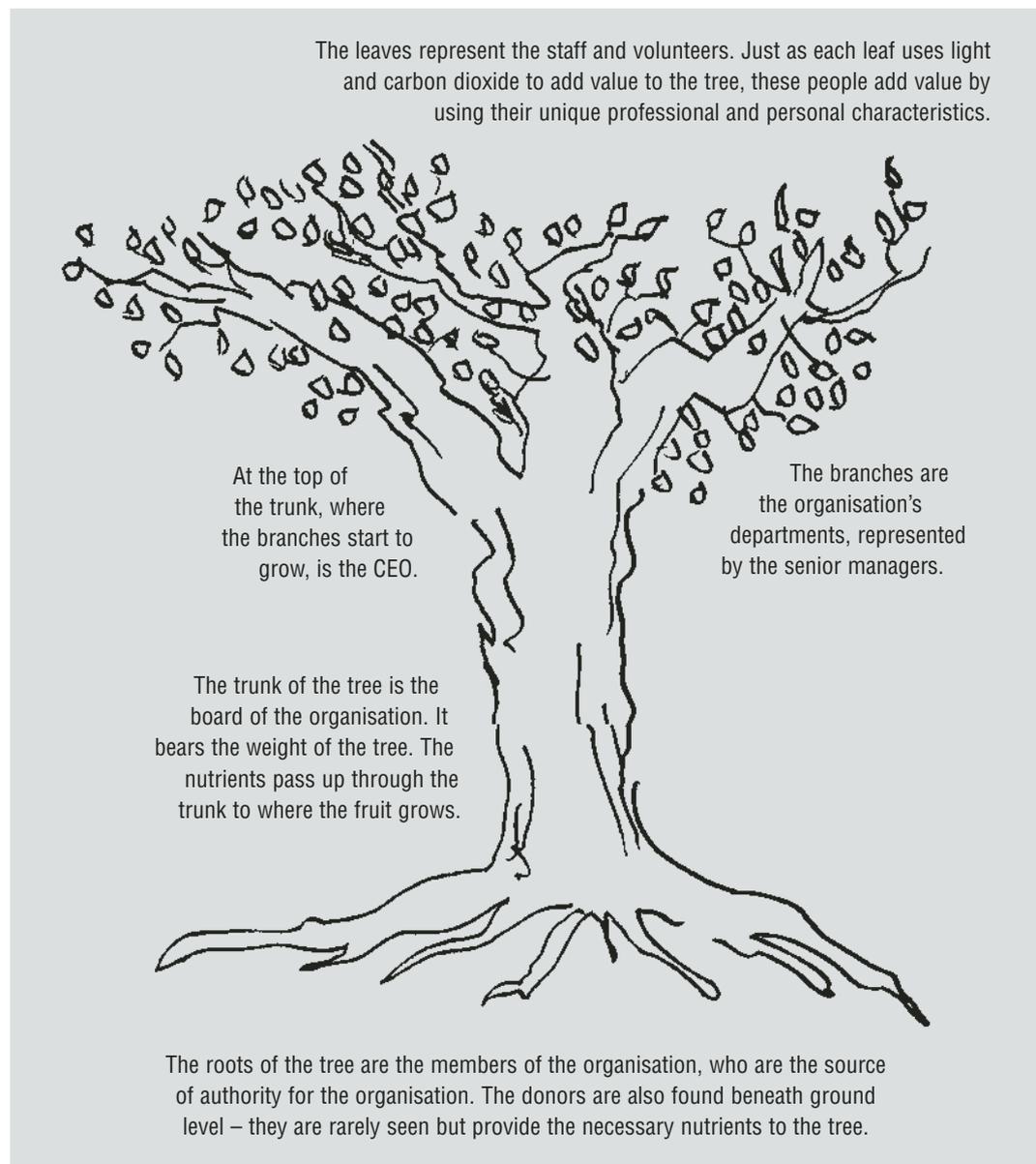
Working with the rest of the organisation

A well-functioning organisation needs to have a hierarchy. The hierarchy shows the lines of responsibility and accountability between people so that the organisation can work well as a whole. However, people often take the idea of hierarchy too far. They forget the vital roles that each person plays, and start to believe that the people near the 'top' of the hierarchy are more important while those near the 'bottom' are not valuable. Leaders may start to abuse their responsibility.

It can therefore be helpful for people to think of their organisation as a tree.

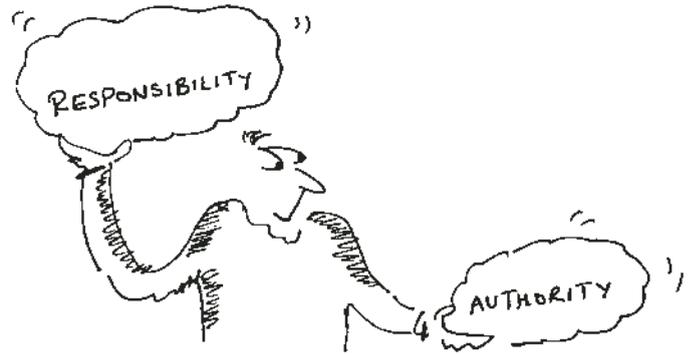
If the tree is healthy, it will bear good fruit

Source: Adapted from Stahlke (2003)
Governance matters p67



2.1 Delegating authority and responsibility

The board has ultimate responsibility for, and authority within, the organisation. However, it needs to delegate some of its responsibility and authority to enable the CEO to manage the operations of the organisation and make its work efficient and effective.



Some boards have only an advisory role. Others may be more involved in identifying the direction and vision of the organisation. Both these types of boards still have ultimate authority and responsibility, but their function is dependent on what they choose to delegate.

Delegation is about asking someone else to do something on your behalf. Some people might be tempted to delegate the things that they do not want to be involved with. However, delegating does not mean getting rid of responsibility for something completely. The person who delegated the task is still responsible for seeing the task carried out. Once someone has been asked to do something, they are accountable for carrying out that task. They must answer to the person who delegated the task to them. For example, if the board delegates responsibilities to the CEO, who then delegates some responsibilities to other members of staff, the CEO is still accountable to the board for those responsibilities. Delegation is about sharing the burden but not about giving up ownership.

REFLECTION

- How good is the board at delegating responsibility and authority to the CEO in our organisation?
- How good is the CEO at delegating responsibility and authority to staff?

Authority, responsibility and accountability

The terms *authority*, *responsibility* and *accountability* are often misunderstood. This can lead to confusion, problems and ineffectiveness.

Responsibility is about what is expected of someone. For example, a job description gives an outline of responsibilities that a person should carry out.

Authority is the power to act without having to gain further permission from those delegating the authority. For example, if the board gives authority to the CEO to recruit staff, the CEO does not need to gain the board's approval every time a member of staff is recruited. If the organisation is large, the CEO could delegate authority for recruiting

staff to a personnel officer. This means that the CEO does not need to give approval for every member of staff the personnel officer wants to recruit.

It is possible to have responsibility without authority, but someone with authority always has responsibility. Someone with authority has a responsibility to use their power for the good of the organisation's work and not their own wishes.

Both responsibility and authority are linked to accountability. **Accountability** is answering for the result of one's actions or lack of action. It is therefore present wherever there is a relationship between two people.

- Those in authority are accountable to those who gave them authority. Using the example about staff recruitment above, the personnel officer is accountable to the CEO and the CEO is accountable to the board.
- Those with responsibility are accountable to those who gave it to them. For example, a staff member is accountable to their line manager for fulfilling the objectives in their job description. If they do not fulfil the objectives, they could be dismissed.

It is common to view accountability as a negative thing where people only look for opportunities to hold people accountable when they do things wrong. However, accountability can also be a positive thing that we can use to build each other up. We should be as eager to praise people for their good work as we are to challenge people when they neglect their responsibilities or abuse their power.

What makes Christian organisations different from other organisations is that they have a God-centred approach to authority, responsibility and accountability. This does not mean that we should reject the common sense approaches mentioned in this section. However, a God-centred approach can make our relationships richer and the functioning of our organisations smoother. For example:

- A key Christian responsibility is the responsibility to love and serve others. With this responsibility comes accountability to God, who commanded us to love and serve others (1 Peter 4: 1-11). This reminds people who may be tempted to abuse their authority, that they are ultimately accountable to God and should exercise their authority with a servant heart. This is the same for everyone, however great their authority.
- God wants Christians to help others to be accountable to him (2 Timothy 3:16-17). Christian board members and staff have a responsibility to build each other up and to encourage each other to live lives that honour God.
- Christian leaders have authority from God and will have to give account to God for the state of his people (Hebrews 13:17). Remembering this may help Christian leaders to consider the importance of their leadership role and seek direction from God more often.

Board authority

Authority is usually given to the board by the organisation’s membership. In some countries, registered organisations are required to have members, who have ultimate authority. Usually their use of power and their responsibility are limited. For example, their power may be limited to electing board members and the rest of their power is passed on to the board.

Where organisations do not have members, authority may be given to boards by donors. People choose to give money to an organisation because they believe in its mission. By giving the organisation money they are showing that they are confident in the way it is run. They trust the organisation to spend their money wisely. If the board fails, the donors can decide to withdraw their funding.

BIBLE STUDY

Using our authority wisely

■ Read Matthew 28:18-20.

- *How does recognising that Jesus has all authority help people in leadership to use their authority wisely?*

Notice **how** Jesus uses his authority. He gives us a very big job to do, but he does not go into a lot of detail about how it should be done. He simply tells us the goal and gives us freedom to achieve it. However, we are not left to do the work alone, because he promises to be with us forever.

- *How could this relationship be reflected within organisations? How could the board use its authority better?*

REFLECTION

■ **Who gives authority to the board of our organisation?**

Board responsibility

The responsibility of the board is to ensure that the organisation fulfils its purpose.

Board accountability

The board is accountable to a number of groups. It is accountable to those who give it authority and those who are affected by the organisation’s work. Therefore members of staff, donors and the people the organisation seeks to help are people to whom the board should be accountable. The board is also accountable to the government of the country, since there may be legal requirements that the organisation should fulfil. If the organisation is part of a network, the other organisations in that network can keep it accountable. If the organisation fails or its reputation becomes damaged, it could be forced to leave the network.

Since the board consists of a group of people, there is a degree of self-accountability. Each member of the group keeps the other members accountable.

Delegation

The board does not have the capacity to run the organisation alone. It must therefore delegate some authority and responsibility to other people – the organisation's staff, represented by the CEO.

1 DECIDE WHAT TO DELEGATE

First, it is necessary for the board to decide what authority and responsibility it would like to delegate. The board should delegate responsibility for management so that it can focus on governance. Issues to consider include planning, financial management, fundraising, management of staff, management of programmes and projects, and public relations.

Ask the question: *What roles could be performed better by staff?*

CASE STUDY Deciding what to delegate

As Help and Hope is a small organisation, the board decides not to delegate any responsibility for strategic planning. However, it is felt that delegation of some financial authority and responsibility is necessary to improve efficiency. The board decides that the CEO should be delegated authority for managing staff. It is decided that employing a full time fundraiser cannot be justified until the organisation becomes better established. The board therefore decides to delegate only certain fundraising responsibilities to the CEO, while carrying out most fundraising activities itself.

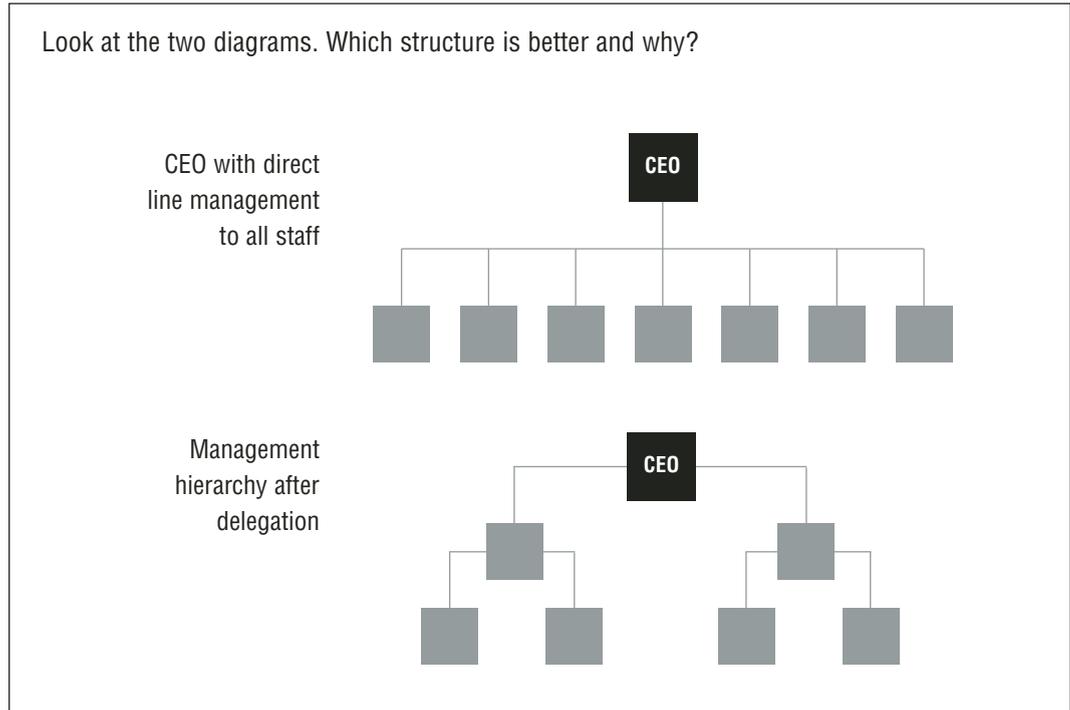
2 DECIDE WHOM TO DELEGATE TO

Next, it is necessary for the board to decide to whom it would like to delegate. Authority and responsibility for the same task or role should never be delegated to more than one person. This is because it is difficult to hold them accountable. If things go wrong, people may blame each other and refuse to be kept accountable. Therefore, all the responsibilities and authority the board wants to delegate should be delegated to the CEO. This single line of communication between the board and staff also stops governance and management becoming blurred.

Once authority and responsibility have been delegated to the CEO, the CEO can then delegate relevant responsibilities and authority to other members of staff. This relieves the burden on the CEO and encourages the best use of skills. The next two pages focus on delegation by the CEO to other members of staff.

EXERCISE

Look at the two diagrams. Which structure is better and why?



All staff should be given responsibilities. However, not everyone will be given authority. The fewer people who have authority, the easier it is to keep track. However, some people may not be able to carry out their responsibilities without a degree of authority. The progress of their work can be slowed down if they need to ask someone else for permission to do something. It is important to consider whether the organisation has too much bureaucracy. However, this has to be balanced with keeping lines of accountability simple.

CASE STUDY
Reducing bureaucracy

The project co-ordinator is frustrated because she cannot make payments for project inputs without getting signatures from the CEO and board chairperson. The chairperson works for a company on the other side of town and only visits the Help and Hope offices every month. This holds up payments. On hearing about this frustration, the board decides that there is no need for it to be directly involved in such payments. Therefore, authorisation for payments for project-related inputs is delegated to the CEO and financial manager.

Sometimes people may find it difficult to delegate, even though it may be the best thing to do. There are many reasons for this, including:

- ‘I want to do the job myself because I enjoy doing the task.’
- ‘I enjoy having the power.’
- ‘I want the glory when the task is completed.’
- ‘I do not trust anyone else to do the job well.’

It is important for those with responsibility or authority to remember that they are not always the best person for the job. There may be members of staff who have the skills and experience to carry out the role better than them. Or it may not be practical for them to carry out the job. For example, if the CEO is rarely in the office, it will affect the organisation's progress if the CEO needs to approve all payments.

There are three issues to consider when deciding whom to delegate to:

- Do they have the skills and experience to carry out the role?
- Are they available to carry out the role?
 - Is there anything preventing them from carrying out the role well?
 - Are they already overworked, or do they already hold too much authority or responsibility?
- Are they trustworthy?
 - Will they be committed to the role?
 - Do I trust them to carry out the role well?
 - Will they produce reports on time?

Someone who delegates authority or responsibility can take it back at any time, if the person they have delegated to proves to be unable to carry out their role. Since the person who delegates is also accountable for what is carried out, they can override decisions made by the person they have delegated such responsibility to. However, there is no point in delegating authority or responsibility if the person delegating still has to be involved in every issue. Therefore taking back authority should only be done as a last resort if a decision is made which may put the success or reputation of the organisation at risk.

CASE STUDY
Delegation issues

The board of Help and Hope delegated responsibility for managing the organisation's projects to the CEO. Board members are keen to visit the projects from time to time in order to keep track of the organisation's work. However, some board members start to try to influence individual projects by meeting with the project co-ordinator. The CEO finds out and feels bitter because he does not feel trusted by the board to oversee Help and Hope's projects.

A few months later, the board discovers that there is financial mis-management within Help and Hope. It immediately takes back financial management responsibilities from the CEO while investigations are made. The member of staff involved is dismissed. The board decides that the CEO should be trained in financial management before delegating such responsibility to him again.

REFLECTION

- Does the CEO in our organisation feel overburdened because they are given too much authority and responsibility?
- Does the CEO feel unable to carry out their tasks because they are not given enough authority and responsibility?
- What about other staff? Do they feel overburdened or restricted by their delegated responsibility and authority?

3 ESTABLISH ACCOUNTABILITY SYSTEMS

As the board is ultimately accountable for the work of the organisation, it should consider how to keep accountable those to whom it delegates responsibility and authority. This could involve:

- Identifying targets to show what the board considers to be the extent of the responsibility delegated. For example, if it delegates responsibility for fundraising to the CEO, it should set a target to show how much money needs to be raised over the coming year.
- Identifying indicators that show progress towards achieving the responsibilities that have been delegated. For example, the CEO could be asked to produce a written report every three months to show how much money has been raised and where the money is coming from.
- Checking that authority is not being abused. For example, if the board delegates authority for making payments to the CEO and financial director, it could commission an independent financial audit every year to check that staff are using the organisation's money wisely. This means checking that the financial systems are working – that the CEO and financial director are the only people making payments. It also means checking that they are not using the organisation's funds for personal use.
- Putting limitations on the authority or responsibility that is delegated. For example, certain authority could be delegated to the CEO on the condition that they do not delegate that authority to anyone else. Or the board could demand that while it delegates authority to the CEO for approving payments, payments must always be approved by more than one person.

In Christian organisations, some people think that accountability systems are not needed. They think it is far better to simply rely on trust. However, no-one is completely trustworthy all of the time. If organisations only rely on trust, there can be a breakdown in relationships and their work may be ineffective. Accountability systems do not replace trust. They actually help to build it. When accountability systems are in place, people begin to work well together and with time their relationships can grow.

REFLECTION

- How good are the accountability systems in our organisation?
- In what situations do we tend to think that trust is enough?
- For which relationships do accountability systems need to be developed?
- What kinds of accountability systems would be needed?

4 ENSURE THAT DELEGATED AUTHORITY, RESPONSIBILITY AND ACCOUNTABILITY SYSTEMS ARE CLEARLY COMMUNICATED AND UNDERSTOOD

One of the biggest causes of confusion in organisations is lack of knowledge of who holds authority or responsibility for what. This results in gaps, duplication and mishandling of resources. It is important that the person who has authority or responsibility is aware of it and knows the extent of it. It is also important that people are aware of what responsibility others hold and whom to approach for permission to do certain things. Authority and responsibility should be written down clearly and everyone in the organisation should have access to the document. In addition, authority and responsibility should be written in individual job descriptions.

Try to keep the relationship descriptions simple and only include items that are essential. If there is too much detail, the person with delegated responsibility will have limited freedom, which may not be in the best interests of the organisation.

For example, the relationship between the board and CEO could be written as follows:

Relationship description – board and CEO

AUTHORITY

- The CEO has authority to manage the operations of the organisation
- Etc.

LIMITATION OF AUTHORITY

- The CEO may not take on any governance responsibility
- Etc.

RESPONSIBILITIES

- The CEO should create a leadership team of senior staff to provide support and to help make decisions
- Etc.

ACCOUNTABILITY

- The CEO is accountable to the board for performing responsibilities. The board is accountable to the CEO for providing the necessary resources to carry out the responsibilities.
- Etc.

Other relationship descriptions could be written for:

- board / individual board members
- board / specific board roles
- board / committees
- board / members of the organisation. This relationship description is sometimes called the ‘bylaws’.

Bylaws

'Bylaws' usually form part of a registered organisation's set of legal documents. The 'Constitution' defines the purpose of the organisation and the range of activities it is designed to carry out. As part of the Constitution, or as an accompanying document, the organisation states its bylaws. These terms may vary between countries. For example, the term 'Memorandum of Association' may be used instead of 'Constitution'. The term 'Articles' may be used instead of 'bylaws'. The term 'Trust Deed' may be used to refer to both documents.

Bylaws refer to the specific relationship between the members of the organisation and the board. They describe the rules that the board must obey. For example, among other things, they may state that the board should meet four times a year and that the board should have a chairperson. However, the board is given freedom to decide when the meetings will be and what qualities the chairperson should have.

Key issues that the bylaws could cover include board size, attendance at board meetings, quorum for decision-making and information the board should provide at the annual members' meeting. The bylaws should also state what would happen to the organisation's assets if it were to collapse. Bylaws should be reviewed by a legal expert before they are implemented.

Accountability should be two-way. Someone who delegates should provide support to people to whom they delegate and ensure the conditions enable them to carry out the role. The board should consider its accountability to the staff of the organisation. It is accountable because they are in a relationship. Accountability can be viewed as a gift that enables others to reach their God-given potential (Stahlke 2003). The board could write a document outlining what staff can expect of it. There may be national laws that protect employees.

It can be helpful to draw an organisational chart that shows the lines of authority, responsibility and accountability. An organisation-wide chart might show the linkages between the members, board, CEO and senior staff. For relationships between staff, it may be appropriate to draw separate charts for different departments if the organisation is large.

REFLECTION

- What relationship descriptions are needed in our organisation?
- Is there two-way accountability between people in our organisation?
- Do we have an organisational chart showing lines of authority and responsibility? If not, how might we draw this?

5 ENSURE GOOD COMMUNICATION

CASE STUDY Good communication

The CEO of Help and Hope felt that the board had very high expectations of him. He did not feel confident that he could meet those expectations. Neither did he feel supported by the board. In desperation, he raised the issue with the chairperson. She had not realised that the CEO felt this way. She now meets with the CEO every two weeks. The chairperson finds that she also benefits from these meetings, because she is able to find out about what is really happening within the organisation. They take the time to listen to each other's concerns and support each other as best they can.

Once authority or responsibility has been delegated, it is important to stand back and avoid interfering in what people are doing. However, there should be good communication:

- The person who has delegated should meet regularly with the person to whom they have delegated. In the case of the relationship between the board and the CEO, this involves inviting the CEO to board meetings. In addition, the board chairperson could meet with the CEO every week or month. This is an opportunity to clarify issues, ask for or provide support and informally evaluate each other's work.
- Accountability systems require communication, whether this means written reports, surveys or other ways of assessing progress. The person who received delegated responsibility should be given an opportunity to give feedback on how they think the relationship is working.

REFLECTION

- In what ways could we encourage better communication within our organisation?

2.2 Developing policies

Policies can be used by the board to ensure that the organisation is governed well, while at the same time avoiding getting too involved in management. Policies state what the board thinks about an issue and they outline the boundaries within which the CEO has the freedom to act. Policies show the CEO which issues the board wants to be consulted about and which it does not.

Policies outline the issues that are important to the board. The board should decide which issues it needs to have a policy on and which it does not.

Operational policies should usually be left to the CEO to write. If the board wants to oversee or write such policies, a separate committee could be given this responsibility (see page 65).

One way to identify policy issues is to assess risk. The board could do this by considering the key events that could threaten the organisation.



1 IDENTIFY THE RISKS BY:

- carrying out a SWOT analysis (see page 36). The threats could be understood as key risks to the organisation. A PESTLE analysis (see page 35) may also reveal some important risks.
- considering the relationship descriptions which outline delegated authority and responsibility.

Issues to consider include:

- personnel management and employment conditions
- use of assets
- health and safety, including HIV and AIDS
- child protection
- financial management
- fundraising.

2 USE AN IMPACT/PROBABILITY MATRIX TO EVALUATE THE RISKS

- List all the risks and number them. Consider how likely it is that each one will happen (probability) and what the impact of each risk happening might be. Think of the impact on the organisation's work, its relationships and its reputation. Place the numbers in the relevant box in the matrix.

For example, there may be a high impact, medium probability risk that a member of staff could steal money from the organisation.

		IMPACT		
		LOW	MEDIUM	HIGH
PROBABILITY	LOW			
	MEDIUM			1
	HIGH		2	

1 Member of staff steals money from organisation

2 Number of staff members affected by HIV increases

3 WRITING POLICIES

The risks near to the bottom right hand corner of the matrix may require a policy to be written. Think about measures that will reduce or eliminate those risks.

Using the example above, the board may decide that two policies are needed to address the first risk. One policy would address financial management in order to make it less easy for staff to steal the organisation's money. The other policy would be a staff policy which, among other things, states disciplinary procedures.

Policies should always reflect the organisation's key values. In addition to setting boundaries and stating procedure, they should aim to protect the organisation's assets, including staff. Policies should state what people can expect of the board. For example, a policy outlining staff disciplinary procedures should not just state the specific offences that will result in immediate dismissal. It should outline what will happen if an accusation is made against a member of staff. This may involve an investigation to find out whether the accusation is true and, if so, why the member of staff acted in the way they did. In order to reflect the biblical value of forgiveness, the board may feel it appropriate to add a line in the policy stating that it will deal with each case as it feels appropriate. This provides the board with an opportunity not to dismiss a member of staff for a dismissable offence if the person repents and another appropriate role can be found for them.

Once policies are implemented, they should be reviewed periodically. They should be changed if problems arise or gaps are found. The implementation of policies should be reviewed during internal or external audits.

REFLECTION

- What policies exist in our organisation?
- Which of these are management policies and which are the responsibility of the board?
- Should the board carry out a risk assessment?
- What policies are lacking?

